



General Assembly

January Session, 2009

Raised Bill No. 6498

LCO No. 3708

03708_____FIN

Referred to Committee on Finance, Revenue and Bonding

Introduced by:
(FIN)

AN ACT CONCERNING THE SALES AND USE TAX RATE.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subdivision (1) of section 12-408 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective July*
3 *1, 2009*):

4 (1) For the privilege of making any sales, as defined in subdivision
5 (2) of subsection (a) of section 12-407, at retail, in this state for a
6 consideration, a tax is hereby imposed on all retailers at the rate of [six]
7 seven per cent of the gross receipts of any retailer from the sale of all
8 tangible personal property sold at retail or from the rendering of any
9 services constituting a sale in accordance with subdivision (2) of
10 subsection (a) of section 12-407, except, in lieu of said rate of [six] seven
11 per cent, (A) at a rate of twelve per cent with respect to each transfer of
12 occupancy, from the total amount of rent received for such occupancy
13 of any room or rooms in a hotel or lodging house for the first period
14 not exceeding thirty consecutive calendar days, (B) with respect to the
15 sale of a motor vehicle to any individual who is a member of the
16 armed forces of the United States and is on full-time active duty in

17 Connecticut and who is considered, under 50 App USC 574, a resident
18 of another state, or to any such individual and the spouse thereof, at a
19 rate of four and one-half per cent of the gross receipts of any retailer
20 from such sales, provided such retailer requires and maintains a
21 declaration by such individual, prescribed as to form by the
22 commissioner and bearing notice to the effect that false statements
23 made in such declaration are punishable, or other evidence,
24 satisfactory to the commissioner, concerning the purchaser's state of
25 residence under 50 App USC 574, (C) (i) with respect to the sales of
26 computer and data processing services occurring on or after July 1,
27 1997, and prior to July 1, 1998, at the rate of five per cent, on or after
28 July 1, 1998, and prior to July 1, 1999, at the rate of four per cent, on or
29 after July 1, 1999, and prior to July 1, 2000, at the rate of three per cent,
30 on or after July 1, 2000, and prior to July 1, 2001, at the rate of two per
31 cent, on or after July 1, 2001, at the rate of one per cent, (ii) with respect
32 to sales of Internet access services, on and after July 1, 2001, such
33 services shall be exempt from such tax, (D) with respect to the sales of
34 labor that is otherwise taxable under subparagraph (C) or (G) of
35 subdivision (2) of subsection (a) of section 12-407 on existing vessels
36 and repair or maintenance services on vessels occurring on and after
37 July 1, 1999, such services shall be exempt from such tax, (E) with
38 respect to patient care services for which payment is received by the
39 hospital on or after July 1, 1999, and prior to July 1, 2001, at the rate of
40 five and three-fourths per cent and on and after July 1, 2001, such
41 services shall be exempt from such tax. The rate of tax imposed by this
42 chapter shall be applicable to all retail sales upon the effective date of
43 such rate, except that a new rate which represents an increase in the
44 rate applicable to the sale shall not apply to any sales transaction
45 wherein a binding sales contract without an escalator clause has been
46 entered into prior to the effective date of the new rate and delivery is
47 made within ninety days after the effective date of the new rate. For
48 the purposes of payment of the tax imposed under this section, any
49 retailer of services taxable under subparagraph (I) of subdivision (2) of
50 subsection (a) of section 12-407, who computes taxable income, for

51 purposes of taxation under the Internal Revenue Code of 1986, or any
 52 subsequent corresponding internal revenue code of the United States,
 53 as from time to time amended, on an accounting basis which
 54 recognizes only cash or other valuable consideration actually received
 55 as income and who is liable for such tax only due to the rendering of
 56 such services may make payments related to such tax for the period
 57 during which such income is received, without penalty or interest,
 58 without regard to when such service is rendered.

59 Sec. 2. Subdivision (3) of section 12-408 of the general statutes is
 60 repealed and the following is substituted in lieu thereof (*Effective July*
 61 *1, 2009*):

62 (3) For the purpose of adding and collecting the tax imposed by this
 63 chapter, or an amount equal as nearly as possible or practicable to the
 64 average equivalent thereof, by the retailer from the consumer the
 65 following bracket system shall be in force and effect as follows:

T1	[Amount of Sale	Amount of Tax
T2	\$0.00 to \$0.08 inclusive	No Tax
T3	.09 to .24 inclusive	1 cent
T4	.25 to .41 inclusive	2 cents
T5	.42 to .58 inclusive	3 cents
T6	.59 to .74 inclusive	4 cents
T7	.75 to .91 inclusive	5 cents
T8	.92 to 1.08 inclusive	6 cents]

T9	<u>Amount of Sale</u>	<u>Amount of Tax</u>
T10	<u>\$0.00 to \$0.07 inclusive</u>	<u>No Tax</u>
T11	<u>.08 to .21 inclusive</u>	<u>1 cent</u>
T12	<u>.22 to .35 inclusive</u>	<u>2 cents</u>
T13	<u>.36 to .49 inclusive</u>	<u>3 cents</u>

T14	<u>.50 to .64 inclusive</u>	<u>4 cents</u>
T15	<u>.65 to .78 inclusive</u>	<u>5 cents</u>
T16	<u>.79 to .92 inclusive</u>	<u>6 cents</u>
T17	<u>.93 to 1.07 inclusive</u>	<u>7 cents</u>

66 On all sales above [~~\$1.08~~] \$1.07, the tax shall be computed at the rate
67 of [~~six~~] seven per cent.

68 Sec. 3. Subdivision (1) of section 12-411 of the general statutes is
69 repealed and the following is substituted in lieu thereof (*Effective July*
70 *1, 2009*):

71 (1) An excise tax is hereby imposed on the storage, acceptance,
72 consumption or any other use in this state of tangible personal
73 property purchased from any retailer for storage, acceptance,
74 consumption or any other use in this state, the acceptance or receipt of
75 any services constituting a sale in accordance with subdivision (2) of
76 subsection (a) of section 12-407, purchased from any retailer for
77 consumption or use in this state, or the storage, acceptance,
78 consumption or any other use in this state of tangible personal
79 property which has been manufactured, fabricated, assembled or
80 processed from materials by a person, either within or without this
81 state, for storage, acceptance, consumption or any other use by such
82 person in this state, to be measured by the sales price of materials, at
83 the rate of [~~six~~] seven per cent of the sales price of such property or
84 services, except, in lieu of said rate of [~~six~~] seven per cent, (A) at a rate
85 of twelve per cent of the rent paid for occupancy of any room or rooms
86 in a hotel or lodging house for the first period of not exceeding thirty
87 consecutive calendar days, (B) with respect to the storage, acceptance,
88 consumption or use in this state of a motor vehicle purchased from any
89 retailer for storage, acceptance, consumption or use in this state by any
90 individual who is a member of the armed forces of the United States
91 and is on full-time active duty in Connecticut and who is considered,
92 under 50 App USC 574, a resident of another state, or to any such

93 individual and the spouse of such individual at a rate of four and
 94 one-half per cent of the sales price of such vehicle, provided such
 95 retailer requires and maintains a declaration by such individual,
 96 prescribed as to form by the commissioner and bearing notice to the
 97 effect that false statements made in such declaration are punishable, or
 98 other evidence, satisfactory to the commissioner, concerning the
 99 purchaser's state of residence under 50 App USC 574, (C) with respect
 100 to the acceptance or receipt in this state of labor that is otherwise
 101 taxable under subparagraph (C) or (G) of subdivision (2) of subsection
 102 (a) of section 12-407 on existing vessels and repair or maintenance
 103 services on vessels occurring on and after July 1, 1999, such services
 104 shall be exempt from such tax, (D) (i) with respect to the acceptance or
 105 receipt in this state of computer and data processing services
 106 purchased from any retailer for consumption or use in this state
 107 occurring on or after July 1, 1997, and prior to July 1, 1998, at the rate
 108 of five per cent of such services, on or after July 1, 1998, and prior to
 109 July 1, 1999, at the rate of four per cent of such services, on or after July
 110 1, 1999, and prior to July 1, 2000, at the rate of three per cent of such
 111 services, on or after July 1, 2000, and prior to July 1, 2001, at the rate of
 112 two per cent of such services, on and after July 1, 2001, at the rate of
 113 one per cent of such services, and (ii) with respect to the acceptance or
 114 receipt in this state of Internet access services, on or after July 1, 2001,
 115 such services shall be exempt from tax, (E) with respect to the
 116 acceptance or receipt in this state of patient care services purchased
 117 from any retailer for consumption or use in this state for which
 118 payment is received by the hospital on or after July 1, 1999, and prior
 119 to July 1, 2001, at the rate of five and three-fourths per cent and on and
 120 after July 1, 2001, such services shall be exempt from such tax.

121 Sec. 4. Subdivision (3) of section 12-414 of the general statutes is
 122 repealed and the following is substituted in lieu thereof (*Effective July*
 123 *1, 2009*):

124 (3) For purposes of the sales tax the return shall show the gross
 125 receipts of the seller during the preceding reporting period. For

126 purposes of the use tax, in case of a return filed by a retailer, the return
 127 shall show the total sales price of the services or property sold by him,
 128 the storage, acceptance, consumption or other use of which became
 129 subject to the use tax during the preceding reporting period; in case of
 130 a return filed by a purchaser, the return shall show the total sales price
 131 of the service or property purchased by him, the storage, acceptance,
 132 consumption or other use of which became subject to the use tax
 133 during the preceding reporting period. The return shall also show the
 134 amount of the taxes for the period covered by the return in such
 135 manner as the commissioner may require and such other information
 136 as the commissioner deems necessary for the proper administration of
 137 this chapter. The Commissioner of Revenue Services is authorized in
 138 his discretion, for purposes of expediency, to permit returns to be filed
 139 in an alternative form wherein the person filing the return may elect to
 140 report his gross receipts, including the tax reimbursement to be
 141 collected as provided for herein, as a part of such gross receipts or to
 142 report his gross receipts exclusive of the tax collected in such cases
 143 where the gross receipts from sales have been segregated from tax
 144 collections. In the case of the former, [ninety-four and three-tenths]
 145 ninety-three and four-tenths per cent of such gross income may be
 146 considered to be the gross receipts from sales exclusive of the taxes
 147 collected thereon.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2009</i>	12-408(1)
Sec. 2	<i>July 1, 2009</i>	12-408(3)
Sec. 3	<i>July 1, 2009</i>	12-411(1)
Sec. 4	<i>July 1, 2009</i>	12-414(3)

Statement of Purpose:

To increase the rate of the sales and use tax by one per cent.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]